

CHAPTER 1
GENERAL OPERATION OF THE LOTTERY
[Prior to 1/14/87, Iowa Lottery Agency[526] Ch 1]

705—1.1(17A) Purpose. The Iowa lottery board and the lottery division were established by Iowa Code chapter 99E to operate the state lottery.

This rule is intended to implement Iowa Code section 17A.3(1) “a.”

705—1.2(17A) Organization. The lottery is a division of the department of revenue and finance which is administered by the director of the department of revenue and finance. The lottery is supervised by the lottery board and the commissioner of the lottery. The lottery board has rule-making authority for the lottery.

This rule is intended to implement Iowa Code section 17A.3(1) “a.”

705—1.3(17A) Location. Lottery headquarters is located at 2015 Grand Avenue, Des Moines, Iowa 50312-4999. The lottery has regional offices located throughout the state offering some of the services available at the headquarters office. Information regarding lottery headquarters and regional offices can be obtained on the lottery Web site, www.ialottery.com, on point-of-sale game-play publications, and by contacting the lottery headquarters. The lottery board may be contacted through lottery headquarters. Office hours at all offices are 8 a.m. to 4:30 p.m., Monday through Friday. Prize redemption operations close at 4 p.m.

This rule is intended to implement Iowa Code section 17A.3(1) “a.”

705—1.4(17A) Board meetings. The lottery board shall meet at least quarterly and may meet more often if necessary. The commissioner, the chairperson of the board, or a majority of the board may call a special board meeting. Board meetings are generally held at lottery headquarters at 2015 Grand Avenue, Des Moines, Iowa 50312. Board meetings may be held by teleconference.

This rule is intended to implement Iowa Code section 17A.3(1) “a.”

705—1.5(17A,22) Public records and fair information practices. The lottery board adopts by reference the rules of the department of revenue and finance which address the availability and nature of records held by the lottery and fair information practices applicable to the lottery. The department’s rules became effective June 22, 1988, and were published in the Iowa Administrative Code as 701—Chapter 5. This rule does not adopt by reference future amendments to the department’s rules.

Notwithstanding any statutory confidentiality provision, the agency may share information with the child support recovery unit through manual or automated means for the sole purpose of identifying licensees or applicants subject to enforcement under Iowa Code chapter 252J or 598.

Records possessed by the lottery division, including confidential records and those containing personally identifiable information, are identified in the department’s rules. The department’s rules also contain the procedures to be used to obtain access to lottery records. Copies of the rules of the department of revenue and finance may be obtained at cost upon request from the Iowa Lottery, 2015 Grand Avenue, Des Moines, Iowa 50312.

This rule is intended to implement Iowa Code section 22.11 and Iowa Code section 252J.2 and chapter 598.

705—1.6(99E) Specific game rules. Specific game rules as authorized in Iowa Code section 99E.9(3) “b” shall be made available by the lottery as necessary for the efficient conduct of specific lottery games. These rules may include, but are not limited to, descriptions of specific games, special promotions, and drawing procedures. Specific game rules shall comply with the rules in the Iowa Administrative Code except where the Iowa Administrative Code indicates that variance by the specific game rules is permitted. Specific game rules shall be provided to board members as soon as is practical following issuance by the lottery.

This rule is intended to implement Iowa Code section 99E.9(3).

705—1.7(99E) Lottery contracting authority. The commissioner shall enter into contracts necessary for day-to-day operations, including without limitation, contracts for accounting services, security services, annuity purchases, equipment and production, communications, auditing services, legal services, space planning, and remodeling. The commissioner may enter into these contracts without presenting these contracts to the board for approval or ratification. Contracts for consulting services which are expected to cost in excess of \$25,000, all contracts for major procurements as defined in Iowa Code section 99E.9(2), and all contracts for advertising or public relations services must be ratified by the board in order to be binding on the lottery.

This rule is intended to implement Iowa Code sections 99E.9(2) and 99E.9(3).

705—1.8(99E) Location of ticket sales by retailers. Tickets may be sold on premises specified on a lottery license. Tickets may be sold on premises where alcoholic beverages, beer, or wine are sold or served pursuant to Iowa Code chapter 123.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.9(3) “i.”

705—1.9(99E) Sale of tickets by lottery division. The lottery itself may sell lottery tickets. Ticket sales may be made by the lottery at any location or event deemed appropriate by the lottery.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “i” and 99E.16(1).

705—1.10(99E) Ticket purchase restrictions. Tickets shall not be purchased by those persons designated in Iowa Code section 99E.18(3) or by the assistant attorney general assigned to the lottery. The lottery may restrict the purchase of tickets by lottery contractors through contractual provisions if the lottery determines that restrictions are appropriate.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.18(3).

705—1.11(99E) Employee incentive programs. The lottery may design lottery employee incentive programs intended to increase lottery revenues. All employee incentive programs shall be approved by the board before implementation.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.9(3) “n”(3).

705—1.12(99E) Advertising. Advertising for lottery games may include print advertisements, radio and television advertisements, billboards, and point of purchase display materials. Promotional and advertising items may be used, including brochures; posters; signs; buttons; hats; T-shirts; video and audio tapes; hot air balloons; umbrellas; canopies; slides; pictures; food items; bags; flyers; pins; coins; certificates; cups; fans; glasses; pens; pencils; and any other materials deemed appropriate advertising, informational, and educational media by the lottery. The lottery shall produce special posters, brochures, or flyers describing the use of lottery revenue. These materials shall be provided to lottery retailers for posting or distribution.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.9(3) “m.”

705—1.13(99E) Promotional agreements with businesses. The commissioner may enter into agreements with business entities for the purpose of promoting any lottery game. Promotional agreements may require a business entity to fund or provide prizes or advertising.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.9(5).

705—1.14(99E) Claiming prizes.

1.14(1) A prize claim shall be entered in the name of a single individual or organization. A claim may be entered in the name of an organization only if the organization is a legal entity and possesses or has applied for a federal employer’s identification number (FEIN) as issued by the Internal Revenue Service. Groups, family units, organizations, clubs, or other organizations which are not legal entities or which do not possess a FEIN or which have not applied for a FEIN must designate one individual in whose name the claim will be entered.

1.14(2) By submitting a claim, a player agrees that the state, the lottery board, the lottery, and the officials, officers, and employees of each shall be discharged from all further liability upon payment of the prize.

1.14(3) By submitting a claim, the player also agrees that the prizewinner's name may be used for publicity purposes by the lottery.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) "e," and 99E.19.

705—1.15(99E) Claim period. A prize must be claimed within the time limit specifically designated in these rules or as specified by the lottery in the specific game rules.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) "e," and 99E.19(1).

705—1.16(99E) Invalid tickets not entitled to prize payment. If a ticket presented to the lottery is invalid pursuant to the terms of these rules or the specific game rules, the ticket is not entitled to prize payment.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.9(3) "e."

705—1.17(99E) Ticket is a bearer instrument. A ticket is a bearer instrument until signed in the space designated on the ticket for signature if a signature space is provided. The person who signs the ticket is thereafter considered the owner of the ticket. Payment of any prize may be made to the physical possessor of an unsigned ticket or to the person whose signature appears on the ticket. All liability of the state, the lottery board, the lottery, the commissioner, and the employees of the lottery, terminates upon payment.

This rule is intended to implement Iowa Code sections 99E.9(3), and 99E.9(3) "e," and 99E.19.

705—1.18(99E) Assignment of prizes. Payments of prizes shall be made as follows:

1.18(1) The lottery shall pay all prizes to only one person or one legal entity per winning ticket.

1.18(2) If a prize is payable in installments, all future installments of the prize must be made to the person or legal entity that received the initial installment of the prize or to a person designated by the court to receive payment following the prizewinner's death.

1.18(3) Payment of a prize may be made to the estate of a deceased prizewinner or to another person pursuant to an appropriate judicial order.

1.18(4) The right to control receipt of a lottery prize shall be substantially limited. See 26 U.S.C. 451 and Treas. Reg. 1.451-2(a). The right to receive payment of a lottery prize or a future installment of a lottery prize shall not be sold, assigned or otherwise transferred in any manner without an appropriate judicial order or statutory authorization. An appropriate judicial order is an order of a court of competent jurisdiction.

1.18(5) In the event that a legal entity other than an individual is entitled to a lottery prize won jointly by more than one individual, the individuals originally entitled to share the prize cannot sell, assign or otherwise transfer their interest in the legal entity receiving prize payment or their right to receive future payments from the legal entity without an appropriate judicial order or statutory authorization. An appropriate judicial order is an order of a court of competent jurisdiction.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) "e," and 99E.19(2).

705—1.19(99E) Prize payment to minors. If the person entitled to a prize is under the age of 18, the payment of the prize may be made by delivery of a draft payable to the order of the minor or to a parent or legal guardian of the minor. Claim forms submitted by minors must be signed by a parent or legal guardian of the minor.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) "e," and 99E.19(2).

705—1.20(99E) Time of prize payment. All prizes shall be paid within a reasonable time after a claim is verified by the lottery and a winner is determined. The date of the first installment payment of any prize to be paid in installment payments shall be the date the claim is validated and processed unless a different date is specified for a particular game in these rules or the specific game rules. Subsequent

installment payments shall be made approximately weekly, monthly, or annually, from the date the claim is processed and validated in accordance with the type of prize won and the rules applicable to the prize. The lottery may, at any time, delay any prize payment in order to review a change in circumstances relative to the prize awarded, the payee, or the claim.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “e,” and 99E.19.

705—1.21(99E) Prizes payable for the life of the winner. If any prize is payable for the life of the winner, only an individual may claim and receive the prize for life. If a group, corporation, or other organization is the winner, the life of the winner shall be deemed to be 20 years.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.9(3) “e.”

705—1.22(99E) Prizes payable after death of winner. All prizes and portions of prizes that remain unpaid at the time of the prizewinner’s death shall be payable to the court-appointed representative of the prizewinner’s estate or to a single individual pursuant to the terms of a final order closing the estate. The lottery may withhold payment until it is satisfied that the proper payee has been identified, or it may petition the court to determine the proper payee. In making payment, the lottery may rely wholly on the presentation of a certified copy of the letters of appointment as an administrator, executor, or other personal representative for the prizewinner’s estate or on a certified copy of the final order closing the estate. Payment to the representative of the estate of the deceased owner of any prize winnings or to another individual pursuant to a final order closing the estate shall absolve the lottery and employees of the lottery of any further liability for payment of prize winnings.

If the winner received an annuitized prize funded through the Multi-State Lottery Association (MUSL) or any other multijurisdictional lottery organization in which the Iowa lottery participates as a member, the MUSL board or other organization board, as may be appropriate, in its sole discretion, upon the petition of the estate of the lottery winner (the “estate”), may accelerate the payment of all of the remaining lottery proceeds to the estate. If the winner received an annuitized prize funded solely through the sales from the Iowa lottery, the lottery board, in its sole discretion, upon the petition of the estate of the lottery winner (the “estate”), may accelerate the payment of all of the remaining lottery proceeds to the estate. If such a determination is made, then securities or cash held for the deceased lottery winner, that represents the present value of that portion of the future lottery payments that are to be accelerated, shall be distributed to the estate. The valuation of the securities and determination of the present value of the accelerated lottery payments shall be at the sole discretion of the board granting the petition.

This rule is intended to implement Iowa Code chapter 99E.

705—1.23(99E) Disability of prizewinner. The lottery may petition any court of competent jurisdiction for a determination of the rightful payee for the payment of any prize winnings which are or may become due a person under a disability because of, but not limited to, underage, mental deficiency, or physical or mental incapacity.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “e,” and 99E.19(2).

705—1.24(99E) Stolen or lost tickets. The lottery has no responsibility for paying prizes attributable to stolen or lost tickets.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “e,” and 99E.9(3) “f.”

705—1.25(99E) Effect of game rules. In purchasing a ticket the player agrees to comply with Iowa Code chapter 99E, these rules, the specific game rules, lottery instructions and procedures, and the final decisions of the lottery. The lottery’s decisions and judgments in respect to the determination of winning tickets or any other dispute arising from the payment or awarding of prizes shall be final and binding upon all participants in the lottery. If a dispute between the lottery and a player occurs as to whether a ticket is a winning ticket and the prize is not paid, the lottery may, solely at the lottery’s option, replace

the ticket with an unplayed ticket of equivalent price from any game or refund the price of the ticket. This shall be the sole and exclusive remedy of the player.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “b,” 99E.9(3) “e,” and 99E.9(3) “f.”

705—1.26(99E) Disputed prizes. If there is a dispute, or it appears that a dispute may occur relative to the payment of any prize, the lottery may refrain from making payment of the prize pending a final determination by the lottery or by a court of competent jurisdiction as to the proper payment of the prize.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “e,” 99E.9(3) “f,” and 99E.19.

705—1.27(99E) Agreements for the sale of advertising. The lottery may enter into agreements with other units of state government or with individuals, corporations, or other entities outside of state government for the purpose of selling advertising space on such items as lottery tickets or equipment and in lottery publications or promotional materials. The lottery may also enter into such agreements to sell merchandise marked with the lottery logo.

This rule is intended to implement Iowa Code sections 23A.2, 99E.9(2), 99E.9(3), and 99E.9(5).

705—1.28(99E) Promotional use of tickets by persons without lottery licenses. Other than the lottery, no person, business, or other organization may sell lottery tickets unless licensed by the lottery. Tickets may, however, be given away for promotional purposes. Tickets may be given away for promotional purposes in conjunction with the required purchase of a product or service or an admission fee without violating this provision provided that the actual cost of the product or service or admission fee is not calculated to include the ticket price, and the promotion is not designed, intended, or conducted to circumvent the lottery’s licensing requirements.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.18(1).

705—1.29(99E) Prize payment for prizes paid over a term exceeding ten years.

1.29(1) A prizewinner who wins a prize that is payable over a term exceeding ten years may, not later than 60 days after the player became entitled to the prize, elect to have the prize paid in cash or by annuity consistent with 26 U.S.C. §451. If the payment election is not made by the prizewinner at the time of purchase or is not made within 60 days after the prizewinner becomes entitled to the prize, then the prize shall be paid as an annuity prize. An election for an annuity payment made by a prizewinner before the ticket purchase or by system default or design may be changed to a cash payment at the election of the prizewinner until the expiration of 60 days after the prizewinner becomes entitled to the prize. The election to take the cash payment may be made at the earlier of the following dates:

- a. The time of the prize claim; or
- b. Within 60 days after the prizewinner becomes entitled to the prize.

An election made after the prizewinner becomes entitled to the prize is final and cannot be revoked, withdrawn or otherwise changed.

1.29(2) In the event there is more than one prizewinner for a prize paid over a period exceeding ten years, the shares of the prize shall be determined by dividing the cash available in the prize pool equally among all the winners of the prize. Winners who elect a cash payment shall be paid their share in a single cash payment. The annuitized option prize shall be determined by multiplying a winner’s share of the prize pool by the annuity factor used by the lottery. The lottery’s annuity factor is determined by the best price obtained through a competitive bid of qualified, preapproved brokers or insurance companies made after it is determined that the prize is to be paid as an annuity prize or after the expiration of 60 days after the prizewinner becomes entitled to the prize.

1.29(3) The lottery shall not be responsible or liable for changes in the advertised or estimated annuity prize amount and the actual amount of the prize value purchased from the time the player becomes eligible for the prize and the time the prizewinner claims the prize.

1.29(4) Rescinded IAB 4/30/03, effective 6/4/03.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.19(2).

705—1.30(99E) Employee background investigation. The commissioner shall require a background investigation by the department of public safety division of criminal investigation in connection with the employment of lottery personnel. Background investigations to be conducted are as follows:

1.30(1) *Standard background investigations.* The commissioner shall require a standard division of criminal investigation background investigation of any prospective lottery employee, consisting of a state criminal history background check, work history, and financial review.

1.30(2) *Key position background investigations.* The commissioner may require a full division of criminal investigation background investigation of any candidate for employment in a key position, consisting of a work history and financial review and a national Federal Bureau of Investigation criminal history background check.

The term “key position” is intended to include those positions in which the incumbents develop and direct implementation of policy and those in which the incumbents have policy or operational management responsibilities, security duties, or system maintenance or programming responsibilities related to the lottery’s data processing or network hardware, software, communications, or related systems. For purposes of this rule, key positions include but are not limited to lottery vice presidents, accounting managers, security investigators, and all information technology positions.

1.30(3) *Alternative sources for business entity investigations.* In lieu of a division of criminal investigation standard or full background investigation, or any component thereof, the commissioner, at the commissioner’s discretion and in cooperation with the division of criminal investigation, may accept a report furnished by the division of criminal investigation based on information furnished by authorities in another state of a recent, comparable investigation conducted by said authorities communicated between law enforcement agencies, which may be updated with any information reflecting changes during the interim between the Iowa and the earlier investigations.

This rule is intended to implement Iowa Code sections 99E.3(3), 99E.9(2) and 99E.9(3).

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